



**AN INVESTIGATION ON THE FACTOR THAT EFFECT NON  
PERFORMING LOAN IN MALAYSIA TOWARDS MACROECONOMIC  
VARIABLES**

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## **DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE  
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KAMPUS BANDAR MELAKA**

### **“DECLARATION OF ORIGINAL WORK”**

I, *Muhamad Syahlan Baharin*, (I/C Number: 870919-05-5293)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:

Date:

## **LETTER OF SUBMISSION**

25 April 2011

The Head of Program

Bachelor of Business Administration (Hons) Finance

Faculty of Business Management

University Technology Mara

Campus City of Malacca

Dear Madam,

### **SUBMISSION OF PROJECT PAPER**

Attached is the project paper title “AN INVESTIGATION ON THE FACTOR THAT EFFECT NON PERFORMING LOAN IN MALAYSIA TOWARD MACROECONOMIC VARIABLES” to fulfill the requirement as needed by the Faculty of Business Management, University Technology Mara.

Thank you

Yours sincerely,

.....

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## **ABSTRACT**

This paper studies empirically the movement of Nonperforming Loan (NPL) in Malaysia. The timing of research taken was in range of 5 years makes use of quarterly data ranged from January 2006 to December 2010. The study will be used multiple regression method to see the relationships between dependent and independent variables. The dependent variable of the study is the NPL. The independent variables were selected and identified namely as Gross Domestic Product (GDP), Base Lending Rate (BLR) and Unemployment Rate (UR). The economic will reflect the NPL at Malaysia whether to increase or decrease. The performance may be influence by many factors, relation with macroeconomics and others. It may be cause by GDP, BLR and UR. According to the overall results in this study it indicates the most independent variables are the most give an impact to the NPL at Malaysia. It shows a significance relationship between the variables. The relationship implies that GDP and UR are negatively related to NPL and BLR is positively related with the NPL consistent with the previous research done before. The result of this research will be very useful for other researchers and banking institution that aware about the movement of NPL at Malaysia.

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